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Message Text

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INFO OCT-01 ISO-00 /001 R

DRAFTED BY WH:GEN.SCOWCROFT/C:HSONNENFELDT
APPROVED BY THE SECRETARY
OMB - JAMES T. LYNN (SUBSTANCE)
AGRIC - RICHARD BELL (SUBST. PARAS
4 & 5
S/S -O: M. TANNER
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Z 141712Z SEP 75 ZFF4
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW FLASH

S E C R E T STATE 218809

NODIS
CHEROKEE

E.O. 11652: GDS

TAGS: OVIP (ROBINSON, CHARLES W.)

SUBJECT: SOVIET GRAIN SALE

REF: MOSCOW 13046

FOR ROBINSON

1. WE ARE BASICALLY IN AGREEMENT WITH YOUR PROPOSED APPROACH HOWEVER, AS YOU KNOW, THERE IS INTENSE INTEREST IN YOUR NEGOTIATIONS IN SEVERAL QUARTERS HERE, AND THERE ARE A NUMBER OF TECHNICAL ISSUES WHICH CAN BE RESOLVED ONLY IN WASHINGTON

2. IN VIEW OF THIS SITUATION, YOU SHOULD PURSUE YOUR DISCUSSIONS AS FAR AS POSSIBLE, BUT STOPPING SHORT OF CONCLUDING AN AD REFERENDUM AGREEMENT. YOU SHOULD TELL PATOLICHEV YOU MUST RETURN TO WASHINGTON FOR FINAL RESOLUTION OF THE MANY TECHNICAL ISSUES INVOLVED BUT THAT YOU WILL RETURN
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WITHIN A WEEK WITH A DETAILED AND COMPLETE PROPOSAL; UNLESS

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PATOLICHEV WOULD WISH INSTEAD TO COME TO WASHINGTON TO COMPLETE THE ARRANGEMENTS.

3. YOU SHOULD CONTINUE TO LINK OIL AGREEMENT AS CONDITION FOR OVERALL SOLUTION OF GRAIN ISSUE.

4. IN REGARD TO PARA 8 REFTEL YOU SHOULD BEAR IN MIND THAT EACH OF THE ELEMENTS INVOLVES NUMEROUS COMPLEXITIES WHICH REQUIRE CAREFUL EXAMINATION BEFORE SPECIFIC LANGUAGE CAN BE AGREED ON. FOR EXAMPLE, TERMS OF ESCAPE CLAUSE MAY IMPLY EXPORT CONTROLS, WHICH, AS YOU KNOW, ARE ANATHEMA TO THE PRESIDENT. CONSEQUENTLY WHILE YOU SHOULD OF COURSE CONTINUE TO FLAG THE NEED FOR AN ESCAPE CLAUSE YOU SHOULD NOT GO BEYOND GENERAL PRINCIPLE OF UNIFORM SPACING OF PURCHASES.

5. IN REGARD TO PARA 8 (A), YOU MAY EXPLORE POSSIBLE COMBINATIONS OF FIXED AND OPTIONAL QUANTITIES BETWEEN 5 AND 8 MILLION TONS, BUT WE WILL HAVE TO DISCUSS PRECISE TERMS WITH THE TECHNICAL PEOPLE HERE. YOU SHOULD NOT, THEREFORE, COMMIT US TO ANY PARTICULAR SCHEME.

6. YOU MAY CONTINUE TO EXPLORE ON THE BASIS OF OTHER ELEMENTS IN PARA 8 REFTEL SUBJECT TO PARAS 4 AND 5 ABOVE. CLEAN UP AS MANY OF THE ELEMENTS AS POSSIBLE TO FACILITATE REVIEW AND FINALIZATION BACK HERE.

7. YOU MAY PROCEED WITH EXPLORATIONS ON THE BASIS OF PARA 9 REFTEL EXCEPT THAT YOU SHOULD NOT MAKE OFFER IN SUBPARA (D).

8. CONCERNING PATOLICHEV'S GENERAL LINE OF ARGUMENT YOU CAN POINT OUT THAT POLITICALLY THE PRESIDENT CAN GET AT LEAST AS MUCH BENEFIT BY REFUSING FURTHER GRAIN SALES THIS YEAR AS HE CAN BY AGREEMENT YOU ARE THERE TO SEEK. WE PREFER LATTER NOT FOR DOMESTIC POLITICAL ADVANTAGES -- THOUGH WE APPRECIATE SOVIET SENTIMENTS -- BUT BECAUSE WE FEEL IT WOULD STRENGTHEN PROCESS OF BUILDING STABLE LONG-TERM US-SOVIET RELATIONSHIPS OVERALL. INCIDENTALLY, AGREE SOVIETS PROBABLY BLUFFING REGARDING AVAILABILITY OF SUPPLIES

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FROM OTHER SOURCES THIS YEAR. IT IS NOT SURPRISING PATOLICHEV IS EXPLOITING BELL'S SEPTEMBER 11 STATEMENT WHICH WAS NOT CLEARED. WE UNDERSTAND BUTZ DID HAVE SEPTEMBER 9 MEETING WITH MKRTUMOV SUPPOSEDLY ON INSECT PROBLEM. IN THE COURSE OF MEETING HE APPARENTLY MADE STATEMENT ALONG THE LINES YOU REPORT BUT PRESIDENT'S POSITION REMAINS AS YOU KNOW IT. YOU SHOULD POINT OUT THAT OUR SEPTEMBER CROP REPORT WAS DOWN BY ROUGHLY THE QUANTITY THE SOVIETS HAVE

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INDICATED AN INTEREST IN BUYING.

9. FOLLOWING IS REPORT OF SCOWCROFT-VORONTSOV MEETING ON AUGUST 28 WHICH EVIDENTLY CORRESPONDS TO THE ONE MENTIONED TO YOU (PARA 3 REFTEL). QUOTE. FIRST, HE SAID THAT MOSCOW WAS IN AGREEMENT ON THE PROPOSAL FOR ROBINSON

TO COME TO MOSCOW TO DISCUSS THE CONCLUDING OF A LONG-TERM AGREEMENT ON THE EXCHANGE OF US GRAIN FOR SOVIET OIL. THE SOVIET SIDE UNDERSTANDS THAT THESE DISCUSSIONS WOULD BE PRELIMINARY AND CONFIDENTIAL. THERE ARE A NUMBER OF IMPORTANT ISSUES WHICH WOULD HAVE TO BE DISCUSSED AND CLARIFIED, SUCH AS HOW GUARANTEES COULD BE ARRANGED FOR THE LONG-TERM SALE OF GRAIN TO THE SOVIET UNION BECAUSE OF THE FACT THAT THE SELLERS ARE PRIVATE COMPANIES; THE QUESTION OF THE RATIO OF THE TWO COMMODITIES; TERMS OF DELIVERY; THE EXECUTORS OF THE AGREEMENT ON THE US SIDE; ETC. MOSCOW SUGGESTS THAT IT MIGHT BE MORE REALISTIC AND CORRESPOND MORE CLOSELY TO COMMERCIAL PRACTICES TO CONCLUDE PARALLEL LONG-TERM AGREEMENTS, ONE FOR THE SALE OF US GRAIN TO THE SOVIET UNION AND A SEPARATE ONE FOR THE SALE OF SOVIET OIL TO THE UNITED STATES. MOSCOW IS READY TO RECEIVE ROBINSON AT ANY TIME AND THEY WILL AWAIT OUR WORD. THE SOVIET NEGOTIATOR WILL BE PATOLICHEV. UNQUOTE.

10. WARM REGARDS. KISSINGER

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